

Marion County Assessor

Joseph P. O'Connor



July 1, 2015

Ms. Courtney L. Schaafsma, Commissioner
Indiana Department of Local Government Finance
200 N Senate Ave Ste N1058(B)
Indianapolis, IN 46204

RE: 2015 (payable in 2016) Annual Adjustment Process for Marion County, IN

Dear Commissioner Schaafsma:

This letter is to serve as our narrative explanation for the Annual Adjustment process for the 2015 (payable in 2016) assessments in Marion County.

Cyclical Reassessment

As we laid out in our approved cyclical reassessment plan for phase 1, we completed a reassessment on the following parcel groupings (all of which were data entered into our cama system for the 3/1/2015 assessment date):

-Residential/Agricultural/Exempt

July 1, 2014 – March 1, 2015 North District 74,575 Parcels 23.1%

-Commercial

- In the Commercial plan, to accommodate the approximately 25% per year requirement we adjusted our existing East/South district boundary line to include all of Warren Township in the East district.

July 1, 2014 – March 1, 2015 South District *Adjusted* 4,511 Parcels 26.6%

-Industrial/Utilities

July 1, 2014 – March 1, 2015 South District 1,212 Parcels 27.1%

Appeals

To date we have finalized 42,798 for the assessment years 2010 payable 2011 through 2014 payable 2015.

Field Work: annual permit work for March 1, 2015

As a result of our personnel assigned to performing field inspections, Marion County processed 4984 (2160 commercial and 2824 residential) site inspections in response to building permits issued.

Review and Validation of the Sales Database

We used sales from January 1, 2014 through February 28, 2015 in the annual adjustment process. To ensure the accuracy of the sales used, we individually reviewed all of the paper copies of sales disclosures submitted during that period to confirm that they were accurately data-entered in our electronic file. The sales were audited by a dedicated staff of sales disclosure auditors reviewing on MIBOR and aerial photography before being submitted to the field personnel to perform inspections within 60 days of the sales date, per statute.

For those sales that were deemed invalid for trending purposes, an explanation can be found in the sales disclosure file. Where a sale was subsequently excluded during the trending process, we have provided a spreadsheet with an explanation showing why the sale was inappropriate for use.

Review of Income Producing Properties

Our commercial assessment team has developed an income capitalization model to be used for multi-family residential properties. As part of processing hundreds of appeals for these apartments, this model was used to arrive at a settlement. Any information gleaned in the appeals process was then used to develop market assumptions we used for the 2015 (payable in 2016) assessments. Market data resources were also consulted to confirm our income approach information. All multi-unit apartments were reviewed using all three assessment approaches, and the lowest value was applied in accordance with IND. CODE § 6-1.1-4-29.

General Data Cleanup

Our GIS team has been working diligently to revise our base map to make our parcel delineations more accurate. Data errors and inconsistencies in our assessment data continue to be identified and corrected. We continued to revise improperly identified use codes. We have encouraged taxpayers to combine contiguous parcels to take advantage of the supplemental homestead deduction, thus eliminating unnecessary parcel delineations. More than 900 parcels have been combined and priced for the 2015 pay 2016 tax year.

Calculation of New Neighborhood Factors

We used our PVD computer system to perform initial ratio studies at the neighborhood and township levels. This initial calculation identified areas where neighborhood delineations needed to be reviewed. Where a review of a parcel's physical characteristics was warranted, aerial photography, Pictometry, or Metropolitan Indianapolis Board of Realtors (MIBOR) listing information were reviewed to be certain physical data was correct. Where that information was inconclusive, field inspections were conducted. After these changes were made, we performed the ratio studies again. In many neighborhoods, there were an inadequate number of sales to rely on for proper trending. In these cases, we turned to other market trend sources, such as MIBOR analyses, CoStar's sale and lease data, and our own analysis of trends in Marion County's sales, to determine whether a change in the trending factor was appropriate. The ratio studies were again performed after all the changes outlined above had been made. The results of the final ratio studies achieved statistical measures within the IAAO limits.

Vacant Residential

With only 4 valid sales in Wayne we have chosen to combine it with Decatur.

Vacant Industrial

After reviewing our vacant industrial sales only 5 were deemed valid. Four of the sales were in Center Township and there was one from Pike Township. For that reason we have combined two townships to form our vacant industrial study for 2015 payable 2016.

Improved Industrial

Washington Township had zero valid sales. We combined Franklin and Lawrence, neither of which had enough valid sales on their own. Franklin had only 3 and Lawrence had 4.

Vacant Commercial

For the vacant Commercial study, we combined Franklin and Warren, both having 4 sales a piece. We also combined Lawrence and Washington, which had 4 and 2 sales respectively. These combinations were done using contiguous townships, keeping the geography of the county in mind. There were no valid sales in Decatur, Perry or Pike.

Improved Commercial

Decatur had zero valid sales.

Quadrants for Center, Washington, and Wayne Township Improved Residential

Per IC 6-1.1-14-12 and your Department's request, we broke Center, Washington, and Wayne Townships into quadrants for the purposes of the Improved Residential Ratio Study. Since the 3 townships in question are for the most part rectangles, we first looked for major streets and/or natural barriers (ex. rivers) that are close to the centerlines of the basic outline of the township. We then compared the number of residential improved parcels in each quadrant and adjusted the quadrant boundaries to come as close to an even 25% breakdown in each quadrant as possible while keeping the boundaries on major streets or other natural barriers. For simplicity, we named the quadrants, Northeast, Northwest, Southeast, and Southwest. Appendix A shows the boundaries of each of the quadrants and the number of Improved Residential parcels in each quadrant. In our ratio study spreadsheet, we broke each of the quadrants into their own study while also doing a study at the township level. In the workbook, we added a column to indicate quadrant, this added column is only filled in for the residential improved parcels.

The ratio studies and the Marion County workbook have been made available to you on an FTP site. We will let you know the Login and password by separate letter.

I hope these results meet with your approval. If there are any problems, or if you have any questions about our process, please let me know.

Sincerely,

Joseph P. O'Connor